

**STATE OF CONNECTICUT**  
**STATE ELECTIONS ENFORCEMENT COMMISSION**

*In re* Post-Election Review Findings Related to  
Certain Integrated Campaign Service Providers

File No. 2019-200

**Findings & Conclusions**

The Commission initiated nine enforcement actions in May 2018 after performing post-election reviews of 2016 candidate committees that spent a majority of their funds on the consultants.<sup>1</sup> The review of those nine matters referred for investigation revealed patterns of inadequate documentation and disclosure associated with the use of certain consultants. The investigation into these 2016 candidate committees grew to include other committees audited by the Commission to examine these patterns of disclosure and expenditure anomalies in committees that spent a significant amount of their grant monies on these consultants.

Treasurers are the key to the effective operation of Connecticut's campaign finance system and the continued success of the Citizens' Election Program (the "CEP"). The Commission enforces legal obligations against treasurers and candidates participating in the CEP. The Commission does not, however, have similar authority over consultants who fail to provide sufficient documentation to treasurers or who draft insufficiently detailed agreements.

The Commission has concluded that the patterns of inadequate documentation and disclosure extend beyond a single committee and result, in large part, from the committees' interactions with the consultants. As a result, the Commission declines to find the treasurers of these committees liable in relation to these 2016 and 2017 post-election reviews. Instead, the Commission issues this document to detail documentation practices that triggered these enforcement matters. This document also provides instructional guidance on the type of documentation that will be deemed adequate and sufficient to support expenditures of public funds.

The Commission makes the following Findings and Conclusions:

---

<sup>1</sup> Pursuant to General Statutes § 9-7b (1) and (5), the State Elections Enforcement Commission (the "Commission") is authorized to audit committees and to conduct investigations on its own initiative. Accordingly, the Commission conducts post-election reviews on a certain number of committees after each regular election. Post-election reviews are performed to ensure that campaign funds are spent for permissible purposes. They are also conducted to provide the Commission an opportunity to learn how campaigns are operating so that staff may improve trainings materials, provide individual advice through post-election review findings, make legislative recommendations for ways to improve the Program or the treasurer experience, and, in certain instances, refer matters for further investigation and enforcement.

1. In May 2018, the State Elections Enforcement Commission initiated investigations into nine candidate committees that had been active in the 2016 election cycle.<sup>2</sup> The enforcement matters stemmed from post-election reviews conducted of 2016 candidate committees. Specifically, the Commission found that these committees had failed properly to document payments to consultants Michael Farina, Geoffrey Luxenberg, and/or the consulting firms through which they did business in 2016, the Vinci Group and Farina Consulting, (the “Consultants”) when those consultants provided them with integrated campaign services, or “campaign-in-a-box” type services.
2. The resulting investigation of these nine referred committees revealed similar patterns of inadequate documentation and violations of law among the committees with respect to the expenditures related to the Consultants. After investigating the committees that the Commission had initially referred for enforcement, it became apparent that the issues involving these integrated campaign service providers were much more widespread. The Commission expanded its investigation into seven other 2016 candidate committees that also had spent a majority of their CEP grant monies on the Consultants and whose audits revealed significant issues related to their interactions with the integrated campaign service providers.<sup>3</sup> Ultimately, the investigation also encompassed several committees that used the Consultants where

---

<sup>2</sup> See SEEC File No. 2018-033, *In re. SEEC Initiated: Arconti 2016 – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Peter N. Buzaid and candidate David A. Arconti related to audit findings); SEEC File No. 2018-034, *In re. SEEC Initiated: Candelaria 2016 – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Frank Alvarado and candidate Juan Candelaria related to audit findings); SEEC File No. 2018-036, *In re. SEEC Initiated: Linehan 2016 – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Jeffrey Falk and candidate Liz Linehan related to audit findings); SEEC File No. 2018-038, *In re. SEEC Initiated: Friends of Russ – Audit Findings*, May 16, 2018 (initiating investigation against treasurer John C. Flynn and candidate Russell A. Morin related to audit findings); SEEC File No. 2018-039, *In re. SEEC Initiated: Citizens for Mushinsky – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Martin A. Mador and candidate Mary M. Mushinsky related to audit findings); SEEC File No. 2018-040, *In re. SEEC Initiated: Friends of Lonnie Reed – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Anthony Giardiello and candidate Lonnie Reed related to audit findings); SEEC File No. 2018-041, *In re SEEC Initiated Reynolds4staterrep – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Paul M. Donahue and candidate Patrick Reynolds); SEEC File No. 2018-042, *In re. SEEC Initiated: Friends of Emmett Riley – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Arthur O. Guertin and candidate Emmett D. Riley related to audit findings); and SEEC File No. 2018-043, *In re. SEEC Initiated: Tomchik 138 – Audit Findings*, May 16, 2018 (initiating investigation against treasurer Jose L. Pires and candidate Jeffrey A. Tomchik related to audit findings).

<sup>3</sup> Additional committees investigated by the Commission included *Arlene Avery for Senate*, *Boyd for Connecticut*, *Christine Conley 2016*, *Currier for Connecticut*, *David Pena For State Senate 2016*; *GREG CAVA 2016*, and *Osten 2016*.

that usage appeared to have led to violations or where the committees did not comply with the post-election review requests.<sup>4</sup>

3. Given the scope of the investigation, the Commission consolidates the nine matters docketed in May 2018 as well as the finalization of the post-election reviews for the additional campaigns wrapped into this investigation into a single matter captioned as “*In re* Post Election Review Findings Related to Certain Integrated Campaign Service Providers, SEEC File No. 2019-200.”<sup>5</sup>
4. This document lays out the investigation with respect to the 2016 candidate committees chosen for post-election review which spent the majority of their grant funds on the Consultants. It also explains the requirements of the Citizens’ Election Program with respect to documentation and treasurer oversight (paragraphs 6 – 17), reviews the findings of the investigations regarding the way in which the committees working with the Consultants functioned during the 2016 cycle (paragraphs 18 – 72) and provides guidance for committees who choose to work with these or similar “campaign-in-a-box” consultants in future election cycles (paragraphs 73 – 92).
5. The Commission has decided to take no further action with respect to the above-referenced 2016 election and 2017 special election committees whose use of the Consultants resulted in the problems detailed below. But it urges the candidates and treasurers concerned, as well as all of the committees referred to in this document, to review carefully CEP requirements and to follow them closely in the future, as outlined in this document.

### **The Law**

6. Treasurers are the lynchpins to campaign finance reporting in Connecticut. This role is especially vital for committees participating in the Citizens’ Election Program, where the public fisc is involved.
7. Treasurers must authorize all expenditures made by committees organized under Chapter 155 of the Connecticut General Statutes.<sup>6</sup> They must also accurately report these expenditures<sup>7</sup> and ensure that the expenditures are supported by sufficient documentation to show that they were made for a permissible purpose.<sup>8</sup>

---

<sup>4</sup> These committees included *Kathy For State Rep 2016*, *Candelaria 2016*, and from the 2017 special elections: *Rickey Pinckney for State Representative* and *Esposito for Rep.*

<sup>5</sup> In total, this Findings and Conclusions resolves docketed matters and post-election reviews for nineteen committees.

<sup>6</sup> See General Statutes § 9-607 (a) (1).

<sup>7</sup> See General Statutes § 9-608 (a).

<sup>8</sup> Regs. Conn. State Agencies § 9-706-1 (b).

8. CEP treasurers must ensure that expenditures directly promote the candidacy of the candidate in support of whom the committee was established.<sup>9</sup> Expenditures must reflect “market value,” in that a committee may not pay in excess of the “usual and normal charge” for goods and services.<sup>10</sup> If a consultant or vendor provides goods or services for free or at a special discount, this would result in an impermissible contribution.<sup>11</sup>
9. Expenditures may not be made to family members of the candidate.<sup>12</sup> Bonus payments to consultants and to committee workers are impermissible,<sup>13</sup> as are payments for which any portion of the outstanding liability is made contingent on the participating candidate committee’s receipt of a grant from the Citizens’ Election Fund.<sup>14</sup> Finally, CEP committees voluntarily agree to abide by a strict expenditure limit and not to accept any in-kind or non-qualifying contributions.<sup>15</sup>
10. Unused grant monies must be returned to the CEF following the election.<sup>16</sup> They may not give bonuses at the end of a campaign to use up surplus funds, except in limited amounts to treasurers or deputy treasurers.<sup>17</sup> Any equipment costing more than a certain amount purchased on behalf of the campaign must be sold and the proceeds returned to the CEF.
11. Treasurers are required to obtain documentation for all expenditures made by a committee and to keep that documentation for four years.<sup>18</sup> Keeping this documentation is particularly important for CEP treasurers because: “The absence of contemporaneous detailed documentation indicating that an expenditure was made to directly further the participating candidate’s nomination for election or election shall mean that the expenditure was not made to directly further the participating candidate’s nomination for election or election, and thus was an impermissible expenditure.”<sup>19</sup>

---

<sup>9</sup> Regs. Conn. State Agencies § 9-706-1 (a) and § 9-706-2 (b) (8) & (10).

<sup>10</sup> Regs. Conn. State Agencies § 9-706-2 (b) (6).

<sup>11</sup> General Statutes §§ 9-601a (a) (1) & 9-613 (a).

<sup>12</sup> Regs. Conn. State Agencies § 9-706-2 (b) (3) & (4).

<sup>13</sup> Regs. Conn. State Agencies § 9-706-2 (b) (11).

<sup>14</sup> Regs. Conn. State Agencies § 9-706-2 (b) (16).

<sup>15</sup> General Statutes §§ 9-703 & 9-704.

<sup>16</sup> General Statutes § 9-608 (e) (1) (A).

<sup>17</sup> General Statutes § 9-608 (e) (1) (G).

<sup>18</sup> General Statutes § 9-607.

<sup>19</sup> Regs. Conn. State Agencies § 9-706-1 (b).

12. Treasurers may spend campaign funds to pay for campaign workers and professional services.<sup>20</sup> This includes services of pollsters, graphic or web designers, strategists, attorneys, accountants, consultants providing campaign management services such as selecting and managing vendors or any of the aforementioned other service providers, and other professional persons assisting with campaign activities.
13. Treasurers may not, however, avoid their own responsibilities as treasurer by delegating those duties to consultants who act as campaign managers, devising campaign strategies expending a majority of the campaign's funding and hiring service providers or vendors to execute them. When a committee chooses to hire a consultant to, for example, design and implement a communication strategy the committee treasurer remains responsible for ensuring that the consultant, and others hired by the committee, are paid at market value for their work, that the committee adheres to any expenditure limit, that the committee does not accept business contributions or in-kind contributions, that the nature of all expenditures are accurately reported, and that the committee receives all goods and services for which it has paid. The treasurer must obtain and keep accurate records reflecting the permissible nature of each expenditure payment.
14. In order to assist the treasurer with these duties, the law provides that treasurers should obtain certain documentation. Agreements with campaign service providers are required to be made in writing, laying out the amount and duration of the fee arrangement as well as a description of the work to be performed for any services valued in excess of \$100 *before* any services are rendered or work performed.<sup>21</sup> In addition, the regulation requires a treasurer to retain "contemporaneous records" setting forth the nature and detail of the work performed or services rendered once those services are rendered.<sup>22</sup> When the consultant hired by the treasurer in turn hires other service providers or vendors to perform work on behalf of the committee then the treasurer must report the full name and complete address of each consultant payee, including secondary payees, whenever the primary or principal consultant payee is known to include charges which the primary payee has already paid or will pay directly to another person, vendor or entity.<sup>23</sup>

---

<sup>20</sup> General Statutes § 9-607 (g) (2) (P); *see also* Regs., Conn. State Agencies § 9-706-2 (a) (4).

<sup>21</sup> Regulations of Conn. State Agencies, § 9-607-1(a)(1) (requiring written agreement, signed before work performed, when fee will exceed \$100).

<sup>22</sup> *Id.*

<sup>23</sup> General Statutes § 9-608 (c) (l) (B).

15. The Commission has recently provided further guidance with respect to the disclosure required of a treasurer in Declaratory Ruling 2019-03: *Secondary Payees and Polling Expenditures*. To the extent that the treasurer has knowledge that a consultant or other service provider has hired a sub-vendor or service provider on behalf of the committee, disclosure is required. If the treasurer is not sure whether a sub-vendor or provider was hired on the committee's behalf, she has a duty to inquire. In most circumstances it would be enough to ask for and to rely on the response from a consultant; however, in some instances a good faith effort to obtain secondary payee information might involve more. The Commission is reasonable and applies the same common sense principles used generally in the marketplace.
16. In some circumstances a good faith inquiry by a treasurer may involve more than a single question. Such situations may include: (1) When the amount being paid to the campaign services provider, relative to overall campaign expenditures, is substantial; (2) When the treasurer or candidate can gain the information easily due to a close relationship with the campaign services provider or its employees, such as when former colleagues or family members of the treasurer or candidate are involved with the campaign service provider being hired; (3) When the treasurer can find the information or should know to ask for it based on other reports that the treasurer had filed or other invoices that the treasurer has received; (4) When the treasurer has been put on notice of problems as a result of media coverage questioning their committee's prior filings, advice given as part of the Commission's post-election review of a previous committee for which he was treasurer, or via an enforcement action involving that campaign service provider; and (5) When there are indications in the campaign service provider's contracts or documentation that they are likely using secondary payees.<sup>24</sup>
17. The laws work together to require treasurers to perform duties that ultimately assist them in confirming that expenditures are permissible. For example, requiring back-up documentation, such as receipts or invoices, to support expenditures allows a treasurer to confirm that payments to campaign workers, including consultants, are only for permissible purposes of the committee and at market value. Obtaining information about secondary payees serves a similar purpose in some situations and in others allows the treasurer to confirm that the committee is being charged market value or that costs are not being defrayed through improper discounts.

---

<sup>24</sup> Declaratory Ruling 2019-03: *Secondary Payees and Polling Expenditures*, pp. 2 & 9-13.

### **Investigation**

18. Post-election reviews have revealed a growing problem with consultants providing “campaign-in-a-box” (“CIB”) services without providing treasurers adequate documentation. These consultants provided various services for all types of committees registered with the Commission, including candidate committees, political committees, and party committees. The services provided by these consultants touched upon all aspects of the modern political campaign: communication plan formulation and implementation; target voter identification; polling; campaign strategy; website set-up and design; fundraising; direct field management; printing and direct-mail services; social media campaigns; obtaining lawn signs, stickers and t-shirts; canvassing; choosing vendors or service providers on behalf of the campaign; and organizing phone banking or campaign telephone calls.
19. In 2014, spending for consultants by candidate committees totaled approximately \$2,872,000. This total from 2014 included spending by statewide candidates as well as General Assembly candidates. By the 2016 election cycle, the amount of money that went to consultants ballooned to over \$4,084,000 – in an election that was solely for General Assembly candidates.
20. There were several consultants that provided these “campaign-in-a-box” services during the 2016 election cycle. The Commission’s reviews of the candidate committees that hired them and that were selected for post-election review revealed many documentation problems. The most common problems stemmed from the failure of the treasurers to enter into written agreements specifying how much the candidate committees would pay for the work that these consultants provided to them and then, once work was completed, failure of the consultants to provide sufficient documentation to allow the treasurers to complete mandated reporting or to verify that work was actually performed, as required under state statute and regulations.
21. All together, the 2016 committees investigated for this report received \$726,806 from the Citizens’ Election Fund. Using their grant funds and contributions from the public gathered to qualify for grant monies, these committees discussed herein paid

approximately \$738,109 to the Consultants in 2016.<sup>25</sup> These Consultants were paid more than \$2,043,000 in the 2016 election cycle from all committees combined.

22. Commission staff reviewed the documentation provided in response to the 2016 post-election review document request as well as the public campaign finance filings of the committees that had spent a majority of their grant funds on the Consultants. The treasurer of each such committee was interviewed and, when the treasurer was not the main point of contact for the campaign with the Consultants, candidates were also interviewed. Additional documentation, including emails or any other contemporaneous documentation, was sought and sometimes provided. In an effort to understand pricing issues, the print house hired on behalf of these committees was also asked for documents and interviewed.
23. The Consultants' 2016 principals were asked to participate in the investigation. One declined to make himself available and the second participated in a short interview but was unable to answer many questions because, he claimed, he was not generally involved in billing and contract negotiations for either company..
24. The investigation revealed several problems with documentation that these Consultants supplied to treasurers for purposes of reporting to the Commission. In particular, there was a lack of specificity included on invoices provided to treasurers to justify expenses that the Consultants charged committees for services provided. More concerning, there were indications of business discounts in certain instances and possible expenditure limit violations. Those problems are explained in more detail below.

#### **Issues with Monthly Fees**

25. Of the issues identified during the course of this investigation into potential problems with campaign-in-a-box service providers, none were more problematic than payments

---

<sup>25</sup> During the course of the 2016 election cycle, these Consultants were paid over two million dollars and worked for approximately 70 committees. This investigation does not cover all of those payments. Some of them were from party committees and political committees, some were from candidate committees that were not selected for post-election review and some were from candidate committees that did not pay a majority of their grant to a single consultant, using them as a "campaign-in-the-box." Unless the committees are listed above as part of this on-going investigation, the SEEC has not determined whether or not the other committees were or were not in compliance. The Commission notes that the documentation issues which caused problems in the above investigated committees appear to have been the norm for these consultants and further notes that many of those selected that used these consultants but were not further investigated in the above matter did receive findings in their final post-election review reports alerting them that there was a problem with the documentation provided.



made to the Consultants for which treasurers had little to no documentation of the work that was performed to earn the fees.

26. In nine of the seventeen 2016 committees reviewed as part of this investigation, monthly fees were paid by the committees to the Consultants that totaled approximately \$126,850 in consulting payments during a five-month timeframe (June through November). Minimal documentation – both in terms of pre-performance service agreements and post-performance invoices – for these expenses was provided in response to the post-election review requests. It is impossible to tell from the consulting agreements and from the invoices to support payments based on those agreements what work was done, how much was done, and by whom.
27. The types of services billed and the amounts billed the committees included: approximately \$84,876 for “direct field management”, \$22,675 for “strategic consulting”, \$6,000 for “consulting”, \$2,300 for “creative services”, and \$8,000 for “fundraising.”
28. Section 9-607-1 of the regulations of Connecticut state agencies lays out the standards that a treasurer must meet in order to document expenditures.<sup>26</sup> As noted above, the regulations require pre-performance and post-performance documentation to justify expenditures, including written agreements between committee treasurers and service providers for any work that exceeds \$100. The agreement must set forth in writing the nature and duration of the fee arrangement, including the amount to be billed, and a description of the scope of the work to be performed.
29. All of the work envisioned by the Consultants investigated here should have been the subject of a pre-performance agreement under Regulation § 9-607-1. An explanation of the work that was to be performed should have been included in these fee agreements for any work for which payment exceeded \$100.

---

<sup>26</sup> Regs., Conn. State Agencies, § 9-607-1(a) (stating “Pursuant to the requirements described in sections 9-607(f), 9-607(g), 9-706(e) of the Connecticut General Statutes, and any regulations adopted thereto, in order to substantiate any payment for services of campaign or committee staff, or campaign or committee services of attorneys, accountants, consultants, or other professional persons for campaign activities, the campaign treasurer shall maintain internal records, including but not limited to: 1. a written agreement, signed before any work or services for which payment in excess of \$100 is sought is performed, which sets forth (i) the nature and duration of the fee arrangement and (ii) a description of the scope of the work to be performed or services to be rendered; and 2. contemporaneous records and/or invoices created by the close of the reporting period but in no event later than the date of the primary or election to which the expenditure relates, which set forth the nature and detail of the work performed or services rendered.”)

30. Of the nine committees that paid the monthly fees, seven had the agreements in their possession and provided the Commission with the agreement in response to the post-election review request or investigation. In one of the seven, the agreement focused only on mailers and other communications – the monthly fees weren't mentioned at all.
31. Three of the remaining six had the similar boiler-plate language used to describe the work to be done: "provide those services typically performed by a political consultant," including "strategic management," "strategic oversight of campaign operations," and "strategic oversight of field operations and staff." The prices to be charged under this same description of work to be performed ranged from \$1,000 per month to \$11,000 per month. A fourth committee had an agreement to pay \$1,000 for work "as a field consultant [to] oversee the campaigns [sic] field program and perform those duties and services typically required for a field campaign." The agreement for this committee also specified that the consultant would work as a finance consultant.
32. The contracts that the Commission was able to obtain failed to meet several primary requirements for those pre-performance agreements; most significantly, the agreements lacked a description of what services the Consultants would provide to that specific campaign to justify their fee. Work "typically performed" is not an adequate description to satisfy the requirements of regulation 9-607-1. The Consultants' description of their work with a few words – "consulting" or "direct field management" did not satisfy the requirements of the statutes and regulations. Such practices make it impossible for the treasurer to fulfill their duty to ensure market value is charged – knocking on 10 doors or ordering one poll or working for one or two hours a week for \$10,500 a month would likely be in excess of the usual and normal charge but with the documentation provided by these Consultants the treasurer is unable to assess the work done for the amount charged.
33. Some of the ambiguity about the exact scope of work to be performed can be resolved if invoices that a service provider issues to a committee treasurer include detailed information about what work a service provider actually performed. The invoices supplied by the Consultants here, however, lacked that level of specificity. Most had less information than the agreements, limiting the description of work to only a couple vague words: "direct field management," "strategic consulting," "consulting," "creative services," or "fundraising." The invoices did not provide any clue as to why one committee paid only \$1,000 a month for "direct field management" while another committee paid \$10,500 for work with the exact same invoice description.
34. Without specificity, the services afforded to committees under invoices supplied by the Consultants for broad categories – such as, direct field management, or consulting – are

indistinguishable from other service itemized in other invoices. This pattern of seemingly overlapping billing is repeatedly evident in the Consultants' invoicing.

35. For instance, the Osten candidate committee paid for field calls and field canvassing. Those invoices contained itemization of work done: hours worked or number of calls and rate of payment. The candidate committee, however, also paid for "direct field management" and "strategic consulting." Nothing on the invoices distinguished what constituted "direct field management" and "strategic consulting" or explained how the services differed from what the Consultants had already billed the committee for calls and canvassing.<sup>27</sup>
36. The Tomchik candidate committee paid \$1,000 per month for four months for "field management" but also paid three separate invoices for phone calls and canvassing during three of those four months. Two of these invoices included hourly rates and the number of hours for which the committee was billed; the other two did not. But the committee was also charged for "field work" in addition to the calls and canvassing, with no explanation about the work that the Consultants performed that was separate from the calls and canvassing for which the committee was already billed.
37. Invoices supplied to the David Pena candidate committee also reflected significant overlap. The invoices supplied for "direct field management" and those for calling and phone/calling/canvassing bills differed, but investigators were unable to discern how the two service charges differed.<sup>28</sup>
38. Perhaps of most concern with the documentation in this area are the red flags that arise with respect to changes to negotiated monthly consulting. In several instances, the Consultants altered fees that they charged candidate committees without written explanation or any documentation of how the work they were performing would change to justify such fee adjustments. Some committees resisted pressure to pay additional fees, such as the Candelaria candidate committee, which refused to pay an

---

<sup>27</sup> Billing for overlapping services not only occurred for services provided exclusively by the Consultants but also when the committee wanted to have services provided by another individual. The Reed committee paid a graphic design company, Words by Jen, a total of \$1,651.09 to design mailers and other printed materials over the course of the campaign. On Nov. 7, 2016, the committee was billed \$2,300 by Consultants for "creative services." It paid that bill on Nov. 8, 2019. There was no specification on the invoice as to the services provided or items designed by the Consultants to support that \$2,300 bill. The contract between the candidate committee and Consultants, however, did authorize a \$2,300 payment to Consultants for writing and designing all communications pieces.

<sup>28</sup> Consultants sent an email message to the committee saying the committee had to pay an additional fee of \$4,500 or they would risk being charged with having received something of value from a business without paying for it.

additional \$500 charge associated with fundraising that showed up in an invoice after the work had been performed but was not included in the original contract.

- a. The Osten candidate committee entered into a contract in which it agreed to pay a “Consultant Fee” of \$2,000 per month for June, July, and August of 2016 and \$4,000 for the months of September and October of 2016.<sup>29</sup> The agreement required the Consultants to submit “a detailed statement of services provided and hours worked” during the relevant period. The contract between the Osten candidate committee and the Consultants specified that the committee would pay \$14,000 over the course of the election cycle in consultant fees. But, in actuality, the committee paid a total of \$42,745.95 in payments for non-tangible items, including: the contracted \$14,000 in “strategic consulting fees;”<sup>30</sup> \$2,000 for “monthly consulting fee;” \$2,675.95 for “paid field calls;” \$11,220.50 for paid field canvassing;<sup>31</sup> and \$12,849.50 for “direct field management.”
- b. The Consultants, at times, unilaterally increased – or decreased – the amounts of fees that had been agreed to in writing ahead of time, without written notice or documentation beyond unexplained invoices reflecting the charges. The Reed committee’s draft post-election review contained a finding that the committee had paid \$1,000 less than was due. The investigation revealed that the fee had been adjusted because the candidate’s opponent had withdrawn from the race; the work was no longer required and therefore wasn’t performed. Adequate written documentation from the Consultants to reflect this change and the reason for it could have avoided the potential violation.
- c. For the Pena committee, the Consultants changed the amount to be charged for work already invoiced and presumably performed, reducing those incurred charges drastically, while simultaneously raising the amount the committee would pay in future months, pushing expenditures to a time in the future when the committee had additional funds, such as when it had secured public campaign financing. Due to the poor documentation provided by the Consultants, however, it is unclear why they were increasing their prices. The scope of work listed in writing did not change. Similarly, the justification for the reduction in billing for work already performed and invoiced is not reflected in writing.

---

<sup>29</sup> Neither the consultant nor the candidate committee had an executed copy of the contract for 2016, but the treasurer did supply an unsigned draft of the contract that she had obtained from the consultant.

<sup>30</sup> This also includes on \$2,000 payment for “strategic management fee.”

<sup>31</sup> This was alternatively invoiced as “paid field,” “canvassing,” or “paid field canvassing.”

39. Another particularly concerning instance also involved the Pena candidate committee. The Consultants billed the committee late in the cycle for fundraising, despite the fact that earlier emails indicated at least some fundraising assistance was included in other fees. With the lack of documentation and the late invoicing, it appears that the work may have been double-billed, or offered on a contingency basis and only billed when the committee received a grant.<sup>32</sup>
40. In two other instances, candidate committees were told that the Consultants wanted to hire a specific individual to work on behalf of the committees and urged those committees to sign an agreement with the Consultants so that the individual could be hired. Nothing provided to the committees by the Consultants reflected what specific work the individual would be performing. Later, one of the candidates expressed frustration that the worker hired by the Consultants, supposedly specifically to work on her campaign, was also working for other campaigns.
41. When a consultant tells a campaign that they need a commitment from the campaign in writing so that they can move ahead with hiring someone to work on behalf of that candidate committee and then bills that campaign for that time, it raises the question as to the status of the worker: are they an employee of the consultant who would be paid regardless of the needs of this particular campaign and whose work is included in the amounts invoiced for a certain scope and duration of work which is pre-agreed with the campaign in writing, or are they a subcontractor hired to work on behalf of the campaign and paid only because this particular campaign had a need, and thus a secondary payee of the campaign? If the latter, then the committee treasurer would need to report that worker as a secondary payee of the campaign, given that the funds from the campaign are going directly to pay that worker.
42. Without adequate disclosure from the Consultants, the committees had no way to understand the amounts that they were being charged. The treasurers must rely on the Consultant's disclosure in order to report expenditures correctly. Consultants should report to each committee the hours worked by a given individual on behalf of the committee in order to justify the fees paid for the work and to specify whether that

---

<sup>32</sup> A June 20, 2016 email from the Consultants to the committee raised the possibility of assisting with fundraising. The Consultants stated "If you want to block out a minimum time block of 4 hours for making fundraising calls – I will send an intern or staffer to sit with you and help you track the results of the calls. You have not hired us for fundraising help – but we are inspired by the work Matt and Melissa are putting in as volunteers (almost no other campaign has this level of volunteer help) and we are willing to provide some administrative help in this area as part of our general consulting fee because we want you to succeed." By October 1, 2016, however, the Consultants sent an invoice for \$4,500 for fundraising stating: "Public financing rules prohibit us from raising money for you for free – (that would be an in-kind business contribution to your campaign which is not permissible) – so we attached our standard fundraising invoice for State Senate races."

individual was hired by the Consultant on behalf of the campaign. This resolves three issues: (1) the lack of detailed documentation to support expenditures, (2) the potential overlap in billing where the Consultant charged for an umbrella service – “direct field management” performed by the Consultant – while also charging for components of that service – “paid field” performed, presumably, by the hired worker, and (3) whether secondary payees need to be reported by the treasurer. This was not done.

43. Because of the lack of documentation and the problems created by the alteration of charges in the middle of the election cycle, absence of specifics on bills, and seemingly overlapping services, the Commission spent a significant amount of resources and time to interview treasurers and candidates, review documents, and conduct multiple searches of emails and other documentation while gaining little insight into what the Consultants did and the services they provided.
44. Given that lack of transparency into the work that the consultants did, the Commission cannot confirm that all expenditures authorized by the treasurers of the candidate committees that it investigated as part of this report were permissible.

#### **Printed Communications**

45. All seventeen of the 2016 candidate committees included in this investigation used the Consultants to provide their committee with printed materials, including direct mail communications. According to candidates and treasurers, the Consultants designed and had printed quality mailers which were timely delivered during the 2016 election cycle.
46. The documentation of these services, however, was both lacking and inconsistent.
47. As noted above, the regulations require service providers to enter into written agreements with campaigns before work is begun. Once the work is done, invoices reflecting that work need to be provided to the treasurer.
48. Here the Consultants were providing services to the campaigns. These Consultants were working with the campaigns to design a communication strategy and then hire the providers necessary to implement that strategy. The services of helping to create a communication strategy, designing the mailers, assisting in creating the mailing lists, identifying and overseeing the vendors to print the mailers, hiring people to canvas or arranging for calls to be made are all services that require the

documentation specified in 9-607-1.<sup>33</sup> Unlike print shops, like Staples, that merely accept a document design for printing and provide 1,000 copies of that design on cardstock, the Consultants here were service providers giving professional design and messaging advice to assist the candidate committees in their campaigns.

49. Two of the committees reviewed by the Commission did not have agreements ahead of time: One did not know an agreement was needed; the other refused to enter into the exclusive consulting agreement that the Consultants offered. At least two other committees did not have the agreements initially in their possession to produce in response to the post-election review or investigation.
50. The remaining committees entered into agreements with the Consultants containing largely boiler-plate language that was consistent across most of the Consultant's performance agreements and generally omitted any specific terms related to fees or payment arrangements. Although the Consultants provided lawn signs, t-shirts, stickers, walkcards, postcards and website design, as well as mailers and other print media, the service agreements lacked any pricing information for these services.
51. Many contracts referred to an "attached price sheet" that ostensibly showed the pricing for mail pieces but few of the treasurers who executed the agreements received the price sheet before signing those agreements or placing orders for printed materials. The price sheets that were supplied to treasurers in response to the post-election draft reviews reflected only pricing for mailers not the other services that Consultants provided. These price sheets guaranteed that the Consultants would only use unionized printers, which would entitle the mailers to carry a "union bug," a small symbol showing that a printed item was created using a union workforce. They also represented that postage would be billed at cost.
52. The Linehan candidate committee, established for a first-time General Assembly candidate, received an agreement without reference to any pricing schedule. She was informed that the number of pieces mailed would depend on available resources and an

---

<sup>33</sup> In January 2017, the Consultants gave the Currier committee a new contract, identifying them as vendors rather than consultants. This contract however provided the same design and strategy services as all of the other contracts. The Consultants did not function like Staples or printhouses, providing printing services to all clients at the same published prices. The Commission will look to the nature of services provided and not the word that consultants use to describe themselves. The disclosure needed from consultants as described herein relates to disclosure necessary with respect to any person that provides (i) campaign strategy, (ii) design or management of campaign communications, literature or advertising, or (iii) fundraising or management services, or has duties that include identifying, hiring or paying subvendors for goods or services on behalf of a committee in a manner that would be done by a campaign manager if the consultant had not been hired.

agreed upon budget. The treasurer reported in response to the draft post-election review that he was never provided any pricing information but instead was “assured that the contractor would provide the best pricing possible to meet our needs.”

53. Another committee obtained a 2016 pricing sheet only after they requested it in response to the Commission’s draft post-election review. The Consultant said this 2016 version was the same as the 2014 price sheet that had been supplied to the committee in an earlier cycle, but it is not clear whether the candidate committee knew before entering into the 2016 agreement what prices they would pay and whether they had received that 2014 version at all.
54. The lack of pricing information in the agreements could have been solved by relaying the pricing to treasurers in emails and seeking approval in writing before incurring the cost on the committee’s behalf. Although the Commission’s investigation uncovered multiple emails from almost all the committees discussing content development and approval of the wording and pictures in the mailers in great detail, there were very few, if any, instances of such similar written approval of the costs associated with a mailer being provided to the treasurer before a mailer went out to voters. Most often the content communications were with the candidate and only sometimes copied to the treasurer.
55. In addition, while treasurers for the candidate committees were able to supply invoices for billed costs, those invoices were problematic in several ways. First, they were not always timely, arriving after the mailers had been printed and, normally, mailed. This combined with the lack of pricing information up front left the treasurer in a bind of having to accept the price charged or accept an in-kind contribution. Second, they omitted necessary information needed for the treasurer to be able to fulfill reporting requirements such as secondary payee information. Third, they often lacked accurate descriptions of mailers, such as message notation or other accurate identifying information that would allow the treasurer to identify which invoice was associated with which mailer. Finally the recipient universe was sometimes left off the invoice, making it impossible to tell the charge per piece or ascertain whether the amount charged was in excess of usual and normal charges.
56. The lack of specific information in the invoices, coupled with a deficient pre-performance agreement laying out how much will be spent, rendered treasurers incapable of exercising their most fundamental duty – overseeing committee expenditures. Some committees were billed multiple times for “mailer 1,” and others were billed for multiple mailers in a single invoice, with little to distinguish them, making it difficult to determine if a committee had paid for all the mailers they had ordered. Invoices for other committees omitted a description of the mailers’



topics, such as “seniors” or “education,” frustrating any attempt to match the copies of the mailers provided by the committee to an invoice to determine if the committee received the number of mailers for which they were charged.

57. General Statutes § 9-608 (c) (1) (B) requires treasurers to report an “itemized accounting of each expenditure,” including secondary payees whenever the primary payee “is known to include charges which the primary payee has already paid or will pay directly to another person, vendor, or entity.”<sup>34</sup>
58. With respect to the missing secondary payee information, the Consultants initially stated that they did not have any secondary payees to report to treasurers because they performed all services in house. They provided some treasurers who sought assistance with responding to the findings in post-election review drafts with a notarized statement that: “We produced print and digital marketing materials for national and international political campaigns. . . . We did not outsource or subcontract our work to other communications firms, companies, or vendors. As such, in difference to a marketing consulting agency, we had no secondary payees. We produced all of our work from start to finish.”
59. During the course of this investigation, however, the Consultants provided certain treasurers with spreadsheets showing the printing costs that the Consultants had paid to a West Hartford printer, Marketing Solutions Unlimited, for work related to candidate committees that the Consultants served.<sup>35</sup> The Consultants did not provide the original receipts to the treasurers, even when requested to do so by at least one treasurer.
60. As part of this investigation, the Commission sought documentation from that printing company related to services provided to the Consultants. The documentation showed that the Consultants used this company for the majority of the printing that was reviewed in this investigation.
61. The printing company provided invoices showing the amounts that it charged the Consultants for printing completed for the Consultants on behalf of their client candidate committees.

---

<sup>34</sup> General Statutes § 9-608 (c) (1) (B) (requiring treasurers to report secondary payees when costs that primary payee incurred include charges that will be paid to another vendor or entity).

<sup>35</sup> The Consultants identified these printing costs as “wholesaler” information. This appears to be related to a theory that the Consultant’s status under tax law relieves the committees that hire them from disclosure obligations under campaign finance law. The Consultants have been invited to further explain this argument to the Commission in a request for declaratory ruling so that it may be considered by the Commission but to date they have not done so.

62. In some cases the charges and amounts reflected on the Marketing Solutions invoices did not match up with the charges listed on the invoices that the Consultants provided. For example, for a mailer on the economy, the Arconti committee was billed by the Consultants for 150 mailers fewer than the print-house invoices indicate were actually sent out. The failure to properly number the mailers or use subject matter indications makes it impossible to address with certainty other anomalies regarding the amounts sent out between the bills from the print house to the Consultant and the bills from the Consultant to the committee.
63. In a few instances the Consultants did provide a list of secondary payees to treasurers who requested it following the post-election review draft findings. They never provided receipts, only a list of costs. Perhaps of more concern is the discrepancy in these lists of costs and the real costs that this investigation revealed. For example, the Arconti committee received a spreadsheet that said that the Consultant paid the print house \$2,136 for a mailer. The print house invoices indicate however that \$1,525 in charges were incurred for the mailer (less a 20% volume discount that meant the Consultants were ultimately billed \$1,300).
64. A few committees provided planning lists containing the dates of mailers that the Consultant intended to send and estimates of the number of recipients and price for each mailing. The Conley committee, for instance, provided budget sheets that had been shared between the committee and the Consultants and updated as things changed over the course of the campaign. Such written, pricing information provided by the Consultants to all of the candidate committees before any work was performed on their behalf would have demonstrated compliance with the requirement in section 9-607-1 of the Regulations for a written agreement before the work is performed, since it could have been combined with a written contract with a price list to show that treasurers had a clear understanding of the potential charges that would have been incurred by their committees. It also would have enabled treasurers to better monitor the expenditures and, to the extent that the issues below were the result of unintended errors, to avoid them.

#### **Business Discounts, In-Kind Contributions and Expenditure Limit Violations**

65. The lack of documentation with enough detail to be effectively reviewed by a treasurer combined with the lack of written pre-approval of the scope, nature, and amount of work to be performed, including a price quote to the treasurer, resulted in problems for candidate committees such as:

- a. Payment by one committee of an invoice that belonged to another candidate committee;
  - b. Documentation that indicates in-kind donations and free goods or services were provided;
  - c. Pricing that varied from the amounts included on the Consultant's pricing sheet;
  - d. Inclusion – or omission – of ancillary services that are not specifically included in designing and printing of a mailer, *e.g.*, photography or translation services; and
  - e. Expenditure limit violations.
66. The Consultant's pricing sheets provided a per piece price to be charged depending on the volume of the quantity sent. The price per piece drops as the quantity of each mailer printed increases. The pricing sheets also provided that postage would be billed separately and at cost. For the most part, these representations seem to have been generally followed. In some instances, however, they were not and where this happened it raises significant questions as to whether the candidate committees were in compliance with the CEP requirements.
67. The definition of contribution contains exemptions to that definition for certain business discounts given to committees.<sup>36</sup> Business discounts given to CEP candidate committees that did not fall within the explicit safe harbor for such discounts are impermissible. In certain instances, according to the Commission's investigation, these discounts were afforded to candidate committees at the end of the campaigns:
- a. The documentation reflects that the Consultants billed the Arconti campaign less than half of what they paid to produce and send a mailer at the end of the campaign. The Consultants charged the candidate committee \$151.64 to print and send the mailer, using an invoice that indicated only "small universe" rather than a specific quantity so that the price per piece could not be determined by the treasurer. According to invoices supplied by the print house, however, the Consultants paid the printers \$385.93 to print and mail 220 pieces of an item called "David Arconti #8 – Lake." The documentation thus reflects the Consultants charged the committee less than half of their costs to create the mailer. In response to a draft post-election review finding, the committee provided a spreadsheet from the Consultants wherein the committee was told that "mailer #8 Lake" was printed in-house by the Consultants.

---

<sup>36</sup> For example, a business may provide up to \$200 in goods and services for a fundraising affair such as an auction or tag sale or may sell food or beverages to a committee at a discount as long as the price does not drop below cost and does not exceed \$400. General Statutes § 9-601a (b) (12) & 6).

- b. The Consultants also prepared, printed and sent a mailer toward the end of the Linehan campaign that resulted in pricing anomalies in the documentation. The invoice provided by the candidate committee in response to the post-election review indicates that the Consultants billed the Cheshire DTC \$875.71 for the mailer, as an organization expenditure, while billing the candidate committee \$113.00 for a total cost \$988.71. But the bill from the print house to the Consultants for this mailer reflects that the Consultants paid \$1,686.72 for the mailer, representing \$698 more than they charged the candidate and party committee for the mailer. That difference represents an in-kind contribution to the candidate committee from the business and is impermissible.
- c. There were other pricing anomalies in the invoicing of mailers for the Linehan committee as well. The first two mailers were charged in keeping with the Consultants' price sheets. Later, however, the Consultants appear to have given the campaign a significantly lower per piece cost than other campaigns for similar numbers of mailers. The campaign was invoiced about one third less for the third mailer than it was for the first, although both were sent to the same number of households. The fourth, fifth and sixth mailers were billed at an amount per piece that was about one third less than other committees were charged when they sent out similar quantities of mailers. Reasons may exist for this disparity, but, on their face, they appear to represent an impermissible in-kind contribution in the form of a discount.<sup>37</sup>
- d. Other individual committees also seem to have benefitted from pricing reductions. Documentation from both the Conley and Boyd committees show that at least one of their mailers reflected a 1/3 discount from the "normal and usual" cost that the Consultants charged for similar products.
- e. The Consultants also charged the Reed campaign significantly less for all mailers than they charged their other clients. The Consultants billed the Reed

---

<sup>37</sup> There might be reasons for such disparity. For example, high volume or "gang" printing discounts may be passed on to committees if they are available to all committees on an equal basis. That is not what happened here however. Although the gang printing discounts received were sometimes reflected on the invoices from the Consultants to the committee and sometimes not, and whether or not such a discount was received by the Consultant, it does not appear to have been related to the pricing charged committees. Mailers 1 and 3 which were sent to the same quantity of households but were differently priced both were gang prints resulting in the same discount from the printer. The invoice from the Consultants to the committee for mailer 4 says "gang print" however the invoice from the print house to the Consultants says "no gang discount." Mailers 4 and 6 had the same price per piece as each other and went to similar numbers of households, the print house gave the discount for one but not the other, but both were charged at one third less than other committees were charged.

candidate committee for “Mailer 1-6” in a single invoice on November 5, 2016. That invoice covered a total of 29,742 pieces that were supplied – “Printing, List Processing, and Inkjetting” – for a total cost of \$7,474.94. Had this quantity of mailers been printed for a single mailer, the price on the pricing sheets would have been about twenty-five percent higher. The mailers, however, were printed in batches. Looking to the Consultants’ pricing sheets based on the quantity of each individual mailer, the Reed campaign was charged approximately 60 - 70% less per piece than usual for at least five mailers and possibly a walkcard.<sup>38</sup> The postage costs charged by the Consultants to this campaign were not pass-through costs. Instead, they were almost double the postage paid to the print house for mailers 1 – 5, leaving \$4,617 in charges for postage unexplained.<sup>39</sup>

68. The documentation obtained as part of this investigation indicates that certain printed communications and other services were not invoiced and charged for and therefore may have amounted as in-kind contributions from the Consultants to the committees.
- a. The Consultants used Marketing Solutions to produce printed materials. Invoices obtained from that company to the Consultants included bills dated May 31, June 13 and July 21 for three batches of 5,000 walkcards for the Riley campaign; however, the Consultants only billed that campaign for two batches of 5,000 walkcards. The first invoice to the committee for walkcards was dated June 10, shortly after the Consultants were billed for the first batch, and then the next not until October 20 – 4 months after the second batch and 3 months after the last.
  - b. The investigation also showed that the Boyd committee was invoiced and sent a check but the Consultants never cashed that check. This, combined with the unclear billing discussed above with respect to whether fundraising efforts were included in monthly fees or billed separately and the lack of clarity surrounding work

---

<sup>38</sup> The Consultants also do not appear to have paid the print house for all six mailers. Rather, there are invoices from Marketing Solutions to the Consultants dated between October 20 and November 1 for the printing and mailing of five sets of mailers totaling approximately 23,000. There is another invoice dated July 13 for 6,000 printed walkcards. The Reed campaign was not billed for any walkcards by the Consultants, so it is possible that the invoice for six mailers was really covering five mailers printed toward the end of October and into the beginning of November and a batch of walkcards printed in July.

<sup>39</sup> It is possible that there is some reason for all of these pricing anomalies. For example, perhaps the walkcards were mailed and just billed in a lump sum months after they were sent. This would however mean that .77 cents per piece was paid in postage – which seems unlikely. Similarly with respect to the pricing of the five mailers at so much less and with an odd method of aggregating costs, perhaps some explanation is found in that the Consultants charged \$2,300 separately as a “creative services” fee in a separate invoice, as discussed previously. See Note 26, *supra*. There was no documentation to verify this and those interviewed from the committee were not aware of the pricing anomalies and could not supply any justification.

establishing an online credit card site, makes it difficult to tell with certainty what the committee paid for and what they owed.

- c. The Tomchick campaign appears to have been given 1,800 free mailers. The invoices from the print house to the Consultants indicate that 5572 mailers were sent. The committee however was only invoiced however for 3714 mailers.
  - d. During interviews with the Reed campaign, the candidate stated that the Consultants arranged a photo-shoot with an experienced photographer for the candidate on May 25. Although many agreements provided to committees by the Consultants indicated that photography would be included in the pricing of their mailers, this language was not included in the documentation related to the Reed campaign. There was no documentation indicating that the campaign was charged for, or paid for, the photography. The Reed campaign and the Consultants signed an agreement for communications services on June 1, 2016. The treasurer stated that services were not rendered under the agreement until it was executed on June 1 and pointed out that the first invoice he received was dated June 29.<sup>40</sup>
69. The documentation from one committee contained explicit contingency language in direct violation of the CEP regulations and from another created the appearance that there also may have been a contingency arrangement.
- a. For the Candeloria candidate committee, if the committee had failed to qualify for a grant from the Citizens' Election Fund, the contract language would have resulted in it not being billed for all work that the Consultants had done on the committee's behalf. This violates the regulations that apply to participating candidate committees. Also, had the committee failed to qualify then the provision of the free goods and services under the clause would have resulted in an in-kind contribution from a business to the non-participating candidate committee. The contingency language explicitly contained in the Candeloria agreement indicates a misunderstanding of the law on behalf of the Consultants and calls into question the nature of the arrangement with other committees had the committee not qualified for public financing.
  - b. The Cava candidate committee had a contract that was not effective until August 1, 2016 and not executed until September 8, 2016. This agreement included

---

<sup>40</sup> The agreement itself however indicated that the agreement would be effective as of March 1, 2016. In response to a finding with respect to this inconsistency in the draft post-election review, the treasurer stated that work under the agreement did not begin until it was signed

language indicating that the contract may also have been predicated on successful qualification for a grant, providing “invoices will be held until such time as the Committee qualifies and receives the full amount of grant funds . . . .” The grant was approved October 17 and invoices were then paid October 19 for \$6,000 and, \$1,000 for work that the invoices indicated was performed in June and August – with the \$6,000 invoice being for work that the invoice indicated was performed before the agreement was either effective or signed.

70. Other committees, including the Reed and Riley campaigns, received bills for work done over the course of the election cycle at the very end of the campaign or even after the election. The Riley committee was billed after the election - , when it would have become clear whether the committee had leftover funds - and for an amount double that allowed by the agreement. The Reed candidate committee was billed very late or after the election by Consultants for work they had performed during the course of the months long campaign.
71. The documentation also reflected that the invoicing practices caused the Riley committee to pay for the mailer of another committee, resulting in an in-kind contribution to that committee. The Riley committee paid a \$4,986.15 bill for 4,846 mailers sent on behalf of another committee (that was not subject to a post-election review). Because there is little documentation to reflect what the Riley committee ordered, the documentation was unclear as to whether the Riley committee merely received the wrong bill for a fifth mailer (and thus only paid somewhat more or less than they should have) or whether they only got four mailers and paid for the entire amount of a fifth mailer they never received. In matching up the invoices with the copies of mailers and walkcards, it appears that the Riley committee may have ordered a fifth mailer and received the incorrect invoice and paid the wrong amount. This is what the Riley committee’s treasurer suspected. But the agreements and invoices provided by the Consultants to the committee did not allow the Commission to confirm this to be the case, in fact.
72. Finally and perhaps most significantly, it appears that some of the confusion caused by the poor documentation and billing practices detailed above may have caused expenditure limit violations for more than one committee. These are some of the most serious violations within the Program and up until this investigation had been extremely rare within the history of the CEP.

### **Guidance for the Future**

73. The regulations require service providers to enter into written agreements with campaigns before work is begun. Once the work is done, invoices effectively and accurately reflecting the work done need to be provided to the treasurer.
74. While there is no magic formula for which words are required to accomplish this, the format used must show that the treasurer had written documentation to show the nature of the work that a consultant agreed to do and the amount to be charged for that work ***before*** the campaign had an obligation to pay for such work.
75. The signed agreements referencing price lists to be used and providing that departure from them will be made only after ***written*** agreement is obtained ***from the treasurer*** would be compliant if the treasurer is in possession of the pricing sheet and the arrangement to obtain written approval from the treasurer is followed..
76. The Commission understands that campaigns are ongoing and must change over time to adapt to developing conditions. It may be impossible to know in April, when consultants are first hired, exactly which services will be required in October. Email between consultants and treasurers may be used to reflect additions and changes in writing to the basic parameters laid out in an initial agreement, or to establish pricing for new types of products or services that were not included in the pricing of the original agreement.
77. What is important is that the agreements, including price sheets, when combined with the emails to the treasurer demonstrate that the treasurer had prior knowledge of the scope of the work to be done and approved the amount to be charged in time to accept the proposed services and/or goods or deny them.
78. This means that when items on the per piece price sheet are provided with the agreement then the universe to be sent and estimated postage costs need to be given ***in writing to the treasurer before*** expenses are incurred on behalf of the committee. When items such as lawn signs or t-shirts not on the price list in the agreement are to be obtained, then the per piece price to be charged and the number of pieces to be obtained needs to be given in writing to the treasurer for pre-approval.
79. While candidates are often involved in approval of costs and the emails may also include them as a recipient, it is the treasurer that bears responsibility – and liability –



for these duties and it is the treasurer who must obtain these written agreements under the statutes and regulations before costs are incurred.

80. Pre-performance agreements must also include a description of the work that the Consultant will do beyond the “services typically performed by a field manager”. In order to satisfy the statutory and regulatory provisions, the description of the nature and scope of work should be effective to communicate what type of work was done, how much of that type of work was done, and that the charges for this work was not in excess of usual and normal charges. The treasurers must obtain a legitimate means to evaluate the services that the Consultants had performed and the rates they charged for that service.
81. Invoices, too, must reflect the actual work performed to justify the amount billed. The written descriptions of the work performed and the amount charged must be adequate to allow the treasurer to know what work was done before campaign monies are released.
82. While the Commission does not require campaign service providers to bill in 15 minute increments like a law firm, it does expect that the invoices will reflect what work was done including, for example, the various types of tasks performed, the number of hours spent, the number of people working, the number of calls made or houses canvassed, and/or the pricing per unit. The names of those performing the work should be a part of the invoice and if they are secondary payees, the amounts paid to them should be included.
83. The duties of CEP treasurers and candidates to ensure that grant monies are spent in permissible ways, within expenditure limits, and that such expenditures are properly disclosed cannot be escaped by hiring a consultant to spend the bulk of the campaign funds, acting as a strategist or campaign manager and then hiring vendors or other service providers to carry out the work, while the treasurer reports only the payments to the consultant and not the payments made by the consultant on the committee’s behalf.
84. If a treasurer asks a volunteer committee worker to purchase \$200 worth of lawn signs for the campaign, the treasurer would report the payment of the committee worker for doing so in Section N, “Expenses Paid by Committee,” using RMB (reimbursement) as the purpose of expenditure code, and then report her payment to Signs R Us LLC in Section R, “Itemization of Reimbursements and Secondary Payees,” using A-SIGN as the purpose of expenditure code. Before paying the committee worker, the treasurer

would verify the amount to be paid to the committee worker by collecting the receipt from the lawn sign vendor.

85. Just as the treasurer must pre-approve an expenditure by a committee worker who is a volunteer purchasing signs on behalf of the campaign, getting adequate documentation and secondary payee information from the committee worker, the treasurer should do the same when the committee worker is a paid consultant making purchases on behalf of the campaign. See Secondary Payee FAQs (rev. 2016). If a consultant hires on behalf of the campaign and pays five individuals to do door knocking for the campaign on a Saturday, then that would require five separate entries in section R. *See In the Matter of a Complaint by Ryan C. Henowitz*, File No. 2016-062 (candidate committee needed to report payment to daughter hired by a consultant as a secondary payee). *See also* Secondary Payee FAQs (rev. 2016).
86. As outlined in Declaratory Ruling 2019-03, treasurers should ask consultants if sub-vendors have been hired on behalf of the campaign. In certain instances, such as the circumstances surrounding the Consultants as detailed herein, treasurers may be required to do more due diligence to obtain secondary payee information than just ask.<sup>41</sup> See paragraphs 15 and 16, *supra*.
87. Post-election reviews are performed to provide the Commission an opportunity to learn how campaigns are operating so that staff may improve training materials, provide individual advice through post-election review findings, make legislative recommendations for ways to improve the Program or the treasurer experience, and, in rare instances, refer matters for further investigation and enforcement.
88. Past post-election reviews have indicated both the increase in the use of consultants who take on the responsibility for spending the majority of a campaign's funds and also have indicated a coinciding increase in documentation problems. As a result, the Commission initiated these enforcement actions with respect to 2016 committees that spent a majority of their funds with the Consultants. It then expanded the investigation to examine the documentation patterns and facts behind the apparent problems with the documentation with respect to all 19 of the 2016 and 2017 committees selected for review that spent the majority of their funds through the Consultants.
89. The review has resulted in a Commission legislative proposal to make consultants directly liable for failing to provide treasurers with the documentation necessary to

---

<sup>41</sup> Declaratory Ruling 2019-03: *Secondary Payees and Polling Expenditures*, pp. 2 & 9-13.

meet CEP and other filing requirements. As the law now stands, treasurers bear the brunt of liability for failure to report campaign expenditures properly. *See* General Statutes § 9-606 *et seq.* When a treasurer is in the unfortunate circumstance of working with consultants that fail to provide proper back-up documentation they may find themselves subject to liability, including for fines, for that failure. *See e.g. In the Matter of a Complaint by Thomas Brummett, Canterbury, File No. 2018-A and B.*

90. The Commission has with this Findings and Conclusions reviewed the requirements of the law and the practices of the Consultants. At this time, it determines to take no further action with respect to the committees that have been included in this investigation. This Findings and Conclusions closes the audits and related docketed matters of the committees addressed herein and the related docketed matters.
91. Where public funds are being spent, the regulations provide that the absence of contemporaneous detailed documentation indicating that an expenditure was made to directly further the campaign will be considered impermissible expenditure. It is thus particularly important for CEP treasurers and candidates, in order to avoid personal liability, to utilize only those consultants who will provide adequate documentation. This review should serve as clarification of the requirements and, in the future, treasurers should be on notice and have heightened awareness when dealing with consultants who do not provide adequate documentation.
92. If a consultant refuses to provide the necessary documentation to a campaign after being asked several times, the campaign may be caught in the difficult position of having to decide whether to continue to commit campaign finance violations or terminate the consultant. The Commission therefore urges campaigns to ensure that any consultants hired will provide their treasurers with the documentation necessary to accurately complete required documentation and monitor compliance with CEP regulations and expenditure limits.
93. Treasurers are the key to the effective operation of Connecticut's campaign finance system and the continued success of the Citizens' Election Program. The Commission enforces legal obligations against treasurers and candidates participating in the CEP – imposing civil penalties of as much as \$2,000 per violation or twice the amount of an impermissible contribution or expenditure on those who fail to satisfy the obligations that the campaign finance statutes and regulations impose upon them. *See e.g. In the Matter of a Complaint by Mathew Sorokin, Hartford, and Referral from Audit Unit, File No. 2011-114* (inadequately documented expenditures are impermissible expenditures). The Commission does not, however, have similar authority over service

providers, like the Consultants, who fail to provide sufficient documentation to treasurers or who draft insufficiently detailed agreements.

94. This Findings and Conclusions is issued as instructional guidance on what constitutes adequate and effective documentation to support the expenditure of public funds in the future. The Commission will fully enforce these documentation requirements in future election cycles.

## ORDER

IT IS HEREBY ORDERED THAT:

These docketed matters will be dismissed and that the post-election reviews of the following candidate committees will be closed: *In re* SEEC Initiated *Arconti 2016*, File No. 2018-033; *In re* SEEC Initiated *Citizens For Mushinsky*; *In re* SEEC Initiated *Friends Of Emmett Riley*, File No. 2018-042; *In re* SEEC Initiated *Friends Of Lonnie Reed*, File No. 2018-040; *In re* SEEC Initiated *Friends Of Russ*, File No. 2018-039; *In re* SEEC Initiated *Linehan 2016*, File No. 2018-036; *In re* SEEC Initiated *Reynolds4staterep*, File No. 2018-041; and *In re* SEEC Initiated *Tomchik 138*, File No. 2018-043; *Arlene Avery for Senate*; *Boyd for Connecticut*; *Christine Conley 2016*; *Currier for Connecticut*; *David Pena For State Senate 2016*; *GREG CAVA 2016*, *Osten 2016*; *Kathy For State Rep 2016*; *Candelaria 2016*; and from the 2017 special elections *Rickey Pinckney for State Representative* and *Esposito for Rep*.

Adopted this 26<sup>th</sup> day of February, 2020 at Hartford, Connecticut by vote of the Commission.



Commissioner  
By Order of the Commission